APPENDIX 6.*

(SEE CHAP. 6, ART. 110.)

Inter-departmental Transfers.

NOTE.—The rules in this Appendix are rules of accounts classification issued by the Auditor General under his statutory powers and are, therefore, binding on all Governments in India ; but a local Government has, in respect of these rules, the power to decide whether a particular department or undertaking should be regarded as a Commercial Department.

It is within the powers of a local Government to declare Government Printing or any undertaking carried out by a Department, such as a Jail Printing Press, to be a Commercial Department, despite the fact that Government Printing and Jails are included in the rules of this Appendix as instances of Public Service Departments.

The following rules are prescribed for regulating the conditions under which one department of the public service may charge another department for services rendered or articles supplied to it, and the procedure to be observed in recording such charges in the public accounts :—

I.—For the purposes of inter-departmental payments, the Departments of Government are divided into service departments and commercial departments, according to the following principles :—

A.—Public Service Departments.—These are constituted for the discharge of those functions which either (*a*) are inseparable from, and form part of, the idea of Government, or (*b*) are necessary to, and form part of, the general conduct of business. Their cost is shown in the public accounts as the cost of the service as a whole, and without reference to the details of service rendered : *e.g.*—

(*a*) Administration of Justice, Jails and Convict Settlements, Police, Civil Works, Military Works, Army.

(*b*) Survey, Government Printing, Stationery.

B.—Quasi-Commercial Departments.—These are maintained for the purpose of rendering particular services on payment made for the services rendered or for the articles supplied. Their functions are not part of the ordinary idea of Government or administration : *e.g.*—

Forests, Posts and Telegraphs, Railways, Irrigation, Navigation, Embankment and Drainage Works, Cinchona Plantations, Northern India Salt Revenue Department.

II.—A commercial department should charge any other department for services rendered or articles supplied in the same way as it would charge a member of the public.

NOTE.—The Forest Department may charge any other Department for vegetable, animal or mineral products extracted from a forest area.

1. When a Commercial Department of the Central Government, which has to pay interest on its outstanding capital, executes works for another Department of Government, Central or Provincial, interest on the capital expenditure during the period of construction will be charged and adjusted in accordance with the following rules, whether the works, after construction, are to be handed over finally

or only for use subject to payment of rent at fixed rates to cover interest on capital outlay and maintenance charges :—

(*i*) Interest, at the rate charged by the Governor General in Council for advances to the Provincial Loans Fund during the year, should be calculated on half the sum of the unadjusted outlay on each work at the beginning and end of the year. In the case of company-managed Railways, which have to pay to Government interest on capital advances calculated on monthly or half-yearly balances under the provisions of their working contracts, interest should be calculated monthly or half-yearly, as the case may be, on the capital outlay up to the end of the preceding month or half-year, *plus* half the outlay of the month or the half-year concerned.

(*ii*) The whole of the amount recoverable from a particular department for any financial year should be debited to that department annually in one lump sum.

(*iii*) In the accounts of the department executing the work the recoveries of interest should be taken in reduction of the interest charges payable by that department. The corresponding debits may be adjusted by the paying department as follows :—

(*a*) as payments of rent, in the case of works that are to be handed over on a rent paying basis ; and

(*b*) as part of the cost of the work in accordance with the principles in paragraph 275 of the Public Works Account Code, in the case of works which are to be handed over finally after completion.

NOTE 1.—Interest should also be levied as indicated in clause (*i*) above when works of the nature mentioned are executed by such Commercial Departments for Local bodies, private firms or individuals which have not deposited with Government the cost of the works.

NOTE 2.—The above rule is not binding on a Provincial Government in case the department executing the work is a department of that Government.

III.—*Deleted.*

IV.—Service departments are not allowed to make charges against other service departments for services which fall within the class of duties for which they are constituted (see rule VI). Services rendered or supplies made to commercial departments and to Government Commercial undertakings should however be charged for.

The supply by a service department, of residential accommodation to the employees of a commercial department or *vice versa* should not, for the purpose of this rule as well as Rule II above, be held to constitute a service rendered. The rent charged for residential accommodation will thus in all cases be the rent recoverable under the Fundamental Rules from the persons actually accommodated.

NOTE 1.—For list of Commercial undertakings of the Central Government see the Annexure to this Appendix.

NOTE 2.—In the case of a Department or of an undertaking in which non-commercial and commercial activities are intermingled, the accounts of the commercial and non-commercial activities should be disentangled, and this rule, including the

provisions of sub-rule 4 below, should be applied to those activities only which are regarded as commercial. For example, although the Forest Department is treated as a commercial department, the principle of charging rent for accommodation supplied by the Public Works Department (see sub-rule 4 below) should not be applied to the Forest Research Institute and College, Dehra Dun, as the function of that institution is to carry on research work and to train men for service in the Forest Department, and nothing is manufactured in the institution for a commercial purpose nor is a commercial system of accounts maintained.

1. Convict labour is, however, usually charged for, such as that supplied to the Public Works Department (Government of India, Finance Department, Resolution No. 517, dated 26th January 1872), and to the Forest and Navy Departments at Port Blair. No charge is, however, made in the case of works undertaken by the Public Works Department at Port Blair, which are treated as jail works.

2. Expenditure by the Public Works Department on buildings of commercial departments is chargeable to the grant of those departments. Similarly, the expenditure in the Public Works Department in connection with building works which have been entrusted to the administration of a non-commercial department using or requiring them should be charged to the grant of the department concerned. Where, however, the works, the administration of which is not transferred from the Public Works Department, are by mutual agreement executed by another department on behalf of the Public Works Department, the charges in connection with them are debitable to the Public Works Grant. See also Rule 3 of Appendix 5.

3. The Army Department should, in respect of inter-departmental transactions, charge and be charged for services to and from other departments, unless the resulting accounting and book-keeping will clearly lead to undesirable and expensive complications. In cases where it is considered that such complications are likely to arise, a decision to depart from the general principle should not be taken by the administrative authorities without consulting the audit officer concerned. The reasons for such a departure should invariably be recorded in full.

NOTE.—The cost of stationery supplied to and printing work done for the various Defence Services will be met from the Defence Budget, the charges being adjusted by book debit but units and other formations entered in Appendix "B" of the Government of India rules for the use and supply of Stationery Stores may continue to obtain their supplies of stationery and to get their printing work done on cash payment.

Priced publication of the Civil Departments of the Central Government are supplied to these officers on cash payment only. Unpriced civil publications are, however, supplied to them free of charge under the special sanction of the Civil Department concerned. Similarly, unpriced publications of the Military Departments are supplied free of cost to the Civil Departments under the special sanction of the branch of Army or Royal Air Force Headquarters concerned or of the Director, Royal Indian Navy, as the case may be.

4. Rent should be charged for office accommodation supplied by the Public Works Department to Commercial Departments and Government Commercial undertakings. The rates to be charged for 100 square feet of accommodation occupied may be fixed by the Public Works Department according to the local rates.

Departments of the Army and Military units and formations are not required to pay rent for office accommodation supplied by the Public Works Department in Central (Civil) buildings in any station in India; nor is rent charged for military buildings in any station in India occupied by offices maintained from Central (Civil) Revenues, with the exception of those maintained by the Railway Department and the Indian Posts and Telegraphs Department.

Exception.—A local Government may, in regard to individual commercial departments or undertakings, relax at their discretion the provisions of this sub-rule.

V.—*Deleted.*

VI.—A branch of a service department supplementary to its general duties is sometimes constituted upon commercial principles ; and so far as regards the work of this branch, it is allowed to charge as a commercial department : *e.g.*—

Jail manufacture, Survey map-publishing, Printing (Publishing Department), Steamers employed in earning freight, Mint (Miscellaneous Services other than Rupee Coinage), Government Commercial undertakings.

VII.—A branch of a department, whether service or commercial, constituted for the subsidiary service of that department, but employed for analogous service of another department, may charge that other department : *e.g.*—

Workshops of a department. Agent for Government Consignments (services for Civil Department), Mathematical Instrument Factory, Supply and Transport (employed on petty services), Dockyards, Arsenals.

NOTE.—Types and other printing materials and all stores supplied by the Central Press, Calcutta, either from its workshop or by local purchase, to Provincial Government Presses, should be charged for, the valuation in the case of articles manufactured at the workshop being taken at the approximate cost of production without any margin for profit. The Accountant General, Central Revenues, will raise the necessary debit in his exchange account with the Account Officer concerned.

VIII.—(*a*) A regularly organized store branch of a department (whether service or commercial), should charge any other department whose requirements it is made, for the convenience of the public service, to supply : *e.g.*—

Medical Stores to Civil Departments and stores issued by the Army to other departments.

NOTE.—Public Works Department Stores referred to in paragraph 487 (*i*) of the Public Works Account Code should always be charged for.

(*b*) In order to prevent undue exaggeration of the public revenue and expenditure, a store department which is systematically employed in supplying the requirements of another department, should take the credits it receives by deduction from its expenditure on stores, and not by credit to receipts.

IX.—A public department cannot be *assessed* to pay revenue to Government ; but fees and duties leviable by law must be paid by public departments in the same way as by private individuals.

X.—All payments of amounts due by one Public Department to another should be made by book transfers, except when such transfers do not suit the methods of account or of business adopted by the receiving department. When payments are made by the issue of cheques the procedure prescribed in Article 23-A should be observed.

NOTE 1.—The cost of stationery supplied to the Railway Department (Railway Board) from the Central Stationery Stores, Calcutta, and of all printing work executed for it at the Government of India presses will be adjusted by book debit. The amounts will be shown as deduct entries under the head " 46 Stationery and Printing—Central ", the entries being prepared by the Controller of Printing and Stationery in communication with the Accountant General, Central Revenues, and the Railway Department.

NOTE 2.—Payments for Reuter's and Indian News Agency messages supplied to High Officials and Government Departments should be made by cheques drawn on the Imperial Bank of India in favour of the Accounts Officer, Telegraph Check Office, Calcutta. Where, however, this is not possible, the payment should be made by

Remittance Transfer Receipt or demand draft at par without stamp duty, marked "Government Account". See Article 168 and the Note thereunder.

NOTE 3.—Claims on account of rents and maintenance of telegraph wires leased to the Public Works Department and of telegraph instruments, etc., supplied to that department are not adjusted by book transfer. Half yearly bills for the periods ending on the 30th June and the 31st December, supported by details such as the total amount of the previous bill and particulars of the fresh charges working up to the total of the new bill, are presented to the Account Officer concerned by the respective Deputy Accountant General, Posts and Telegraphs, for transactions within his Audit Circle. The amount of these bills should be accepted in full, subject to re-adjustment later, if necessary, on verification of the details in correspondence with the officers of the Public Works Department concerned, and should be paid by means of non-negotiable Bank draft on the Imperial Bank of India in favour of the Deputy Accountant General, Posts and Telegraphs, concerned.

The debits appearing in the Bank Account should be treated as Public Works Remittances and adjusted in the manner laid down in Article 692, Audit Code. Where the payment has to be made by a Pay and Accounts Officer, he will have the option of paying by cheque or Bank-draft as may appear to him convenient.

As there is no branch of the Imperial Bank of India at Ranchi, the claims of the Telegraph Department against the Public Works Department in Bihar and Orissa, are paid by the Accountant General, Bihar and Orissa, by means of Remittance Transfer Receipts.

NOTE 4.—The use of Railway Credit Note and Warrant Forms being permissible only on payment of the prescribed commission, it is now open to departmental authorities to tender payment for railway freights and fares in cash.

ANNEXURE.

(SEE NOTE TO RULE IV.)

List of Commercial Undertakings of the Central Government.

1. The Security Printing, India, including the Central Stamp Store, Nasik Road.
2. The Currency Note Press, Nasik Road.
3. The Imperial Institute of Animal Husbandry and Dairying, Wellington.
4. The Opium Factory, Ghazipur.
5. The Imperial Veterinary Serum Institute, Izatnagar.
6. The Indian State Broadcasting Service.
7. The Indian Radio Times, Bombay Section.
8. Indian Light house Administration (Headquarters and Light house Districts).
9. Commissariat Department, Andamans (Butchery, Bakery, Dairy, Ice Factory).
10. Navy Department, Andamans (Dockyard Accounts).
11. Shipping Office, Andamans.
12. Forest Department, Andamans.
13. Bengal Pilot Service, Calcutta.